

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

July 27, 2006

Mr. Henri Bisson
Utah State Director
U.S. Bureau of Land Management
P.O. Box 45155
Salt Lake City, UT 84145-0155

Coal
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[Signature]
4/007/0041

Re: Royalty Rate Reduction at the West Ridge Mine, West Ridge Resources, Inc.
for Federal Coal Leases UTSL-068754 and UTU-78562

Dear Mr. Bisson:

This letter follows up to a recent meeting between myself and James Kohler of your office of the U.S. Bureau of Land Management ("BLM") regarding the referenced proposal for federal coal lease royalty rate reduction by West Ridge Resources, Inc. I have been asked to comment on behalf of the State of Utah to the proposal, and I thank you for the opportunity to provide a perspective from the Utah Division of Oil, Gas and Mining (the "Division").

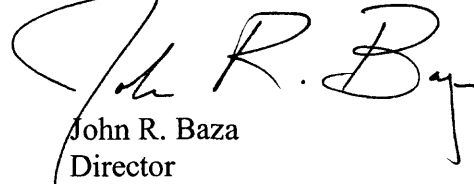
The request by West Ridge Resources proposes a reduction in royalty rate for the referenced federal coal leases from five percent (5%) to two percent (2%) for a two-year period. I understand that West Ridge Resources has presented the BLM with projected economics showing that coal mining can be economically sustained at the lower royalty rate, whereas the current five percent royalty rate may jeopardize the ability for the company to extract coal economically. While there will be a cost to the State of Utah for its state share of royalty obtained from the mined coal, there are other compelling reasons to sustain coal development into the future for the ultimate benefit to the electric consumers and citizens of the state. It is my belief that allowing West Ridge Resources the opportunity to continue mining coal at this mine will allow recovery of coal resources that may not otherwise be obtained through current industry practices and at current economic conditions.

For these reasons, I am offering Utah's support in favor of the BLM granting West Ridge Resources the royalty reduction that they are requesting.

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If you have any questions for me concerning this matter, please contact me at 801-538-5334.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Baza". The signature is fluid and cursive, with the first name "John" being the most prominent part, followed by "R." and "Baza".

John R. Baza
Director

cc: James Kohler, BLM
Mike Styler, DNR
Mary Ann Wright